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FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 10.16.2009

Wall Street Journal: "Capital Drain Promises More Pain for Dollar ... The U.S. dollar may need to raise capital. The Treasury Department is due on Friday morning to release Treasury International Capital data for August, tracking capital flows across U.S. borders."

Wall Street Journal: "Czar Blocks BofA Chief's Pay ... The Treasury Department's pay czar pushed outgoing Bank of America Corp. Chief Executive Kenneth D. Lewis into giving back about \$1 million he received so far this year and forgoing the rest of his \$1.5 million salary for 2009, say people familiar with the matter."

Wall Street Journal: "Geithner Says Stimulus Still Needed ... Treasury Secretary Timothy Geithner said Thursday the government must be careful not to repeat past mistakes and withdraw stimulus support too soon."

Wall Street Journal: "Regulatory Overhaul Advances as Derivatives Bill Clears Panel ... The House Financial Services Committee approved a measure that would bring derivatives under the government's regulatory umbrella for the first time, a major step in advancing a broad regulatory overhaul pushed by the Obama administration."

Wall Street Journal: "Barney Frank, Predatory Lender ... Recent reports that the Federal Housing Administration (FHA) will suffer default rates of more than 20% on the 2007 and 2008 loans it guaranteed has raised questions once again about the government's role in the financial crisis and its efforts to achieve social purposes by distorting the financial system."

Wall Street Journal: "The Banking System Is Still Broken ... Treasury Secretary Tim Geithner and Federal Reserve Chairman Ben Bernanke have announced that the recession is over."

Washington Post: "Bailed-Out Banks Raking In Big Profits ... The nation's largest banks, preserved from failure by federal aid and romping in markets revived by federal aid, are racking up vast profits even as the broader economy struggles to emerge from recession."

Washington Post: "House Panel Clears Derivatives Bill, Debates Plan for Consumer Agency ... The Obama administration won its first major victory Thursday in its effort to overhaul the nation's financial system as a key House committee passed a bill to regulate exotic financial instruments known as derivatives."

NY Times: "Bill Shields Most Banks From Review ... Bowing to political pressure from community bankers, the House Financial Services Committee approved an exemption on Thursday for more than 98 percent of the nation's banks from oversight by a new agency created to protect consumers from abusive or deceptive credit cards, mortgages and other loans."

LA Times: "Sliding dollar may be something to cheer about ... The falling dollar is stoking fears of inflation and worries about the country's eroding power in the world. But for now it may be just the tonic that's needed to help the U.S. economy get back on its feet."

LA Times: "House committee approves new rules on derivatives trading ... The dark and largely unregulated market of derivatives, which helped trigger the financial crisis, moved closer to federal oversight as a congressional committee voted to impose new rules on the products to try to limit the risk they can pose to the economy."

LA Times: "Geithner warns against ending economic stimulus measures too soon ... Treasury Secretary Timothy F. Geithner said Thursday that the economy was in the midst of a recovery that could be imperiled if the government's support systems were removed too quickly."

USA Today: "41 people charged in mortgage fraud ... A mortgage fraud crackdown announced Thursday resulted in the arrests of dozens of people, including six lawyers, seven loan officers and three mortgage brokers in four states."

USA Today: "Fed: Banks need customer OK to pay debit card, ATM overdrafts ... The Federal Reserve said it plans to release a rule in the next month that requires banks to get consumers' permission to charge a fee for paying certain transactions that overdraw their account."

Washington Times: "House panel votes to rein derivatives ... House panel voted Thursday to regulate for the first time privately traded derivatives, the kind of exotic financial instruments that helped bring down Lehman Brothers and nearly toppled American International Group."

Bloomberg: "Fed on Hold as U.S. Consumer Prices Show No Threat of Inflation ... Slowing inflation may give the upper hand to Federal Reserve policy makers who want to keep interest rates low for a long time to support a recovery from the worst recession since the 1930s."

Bloomberg: "Fed Officials Question Expansion's Durability, Discuss More Aid ... Federal Reserve policy makers doubted the durability of the recovery and for the first time signaled they were open to boosting purchases of mortgage bonds to further prop up the housing market."

Politico: "Little banks get a big exemption ... The U.S. Chamber of Commerce and Wall Street firms have the big bucks and the hired-gun lobbyists, but they've got nothing on local banks and credit unions in the raging battle over financial reform."